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Says CIA connection slim

Prosecution lays out Rewald case

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Ronald Rewald used his slim CIA connection first to keep his employees in the dark, second in a desperate attempt to slave off an IRS investigation, and finally as an alibi for fraud, the government charged yesterday.

Rewald is a man who "is not telling the truth," Assistant U.S. Attorney John Peyton told the jury as the 98-count case against the Honolulu businessman opened.

All but one of the charges against Rewald involves a lie or misrepresentation or omission about himself, his background, his company or his income, Peyton said.

Rewald concealed his previous 1976 Wisconsin theft conviction and bankruptcy, and invented a kamaaina history for his "no-risk" Hawaii company, Peyton said.

But the firm of Bishop Baldwin Rewald Dillingham & Wong "did nothing but take in people's money," Peyton said.

It was so phony that Rewald was able to kill off one of its fictitious founders, a non-existent Randall Dillingham, who "died" of heart trouble in the Philippines, the prosecutor said.

Rewald even sent partner Sunlin Wong to Los Angeles so employees would think he was attending "Dillingham's" funeral. Wong walked the streets for a day and came home, he said.

Rewald falsely claimed to be a pro football player, a lawyer and a graduate of Marquette, MIT or the University of Michigan, and he led others to believe he was part of Ronald Reagan's transition team, and an adviser to congressmen and princes, the government said.

So many people believed him that Rewald took in \$22 million in five years with promises of a 26 percent return. About \$10 million of that went back to investors, \$5.5 million went to run a company that grew to 50 employees, and another \$5.5 million was spent by Rewald himself for polo ponies, women, cars, houses, ranches, works of art and other personal expenses, Peyton said.

Rewald falsely claimed that company deposits were insured by the Federal Deposit Insurance Corp. to \$150,000, when in fact the FDIC insures only bank deposits, and those only to \$100,000, Peyton said.

Then, one day in 1982, veteran IRS agent Joseph Camplone began wondering about the man who owned all those fancy

cars parked at the waterfront mansion on Kalanianaʻole Highway.

Camplone had seen the cars on his own way home, and Camplone's own children told him about Rewald's children being chauffeured to school sports events in limousines.

When Camplone pulled Rewald's tax returns, he found this owner of Rolls-Royces and Cadillacs was claiming no income at all in some years, Peyton said.

Not even the CIA connection could save Rewald then, Peyton said, because it was a skinny one limited to the agency's \$2,800 reimbursement toward \$3,300 worth of monthly telephone and telex bills, plus \$45 in stationery, used by some agents as "commercial cover."

Rewald had approached the CIA's Domestic Collection Office chief in Honolulu, Eugene Welch, volunteering to report back after business trips abroad, and to help in other ways, Peyton said.

The agency asked Rewald if it could put an "H&H Enterprises" telephone in Rewald's office that would be answered "H&H", if anyone called to check on CIA operatives using that company name, Peyton said. Later, because another, real "H&H" company in Hawaii was getting some confusing calls, the front's name was changed to Canadian Far East Trading Company, he said.

Yet another company name, CMI Inc., was used by another CIA operative on stationery and business cards, Peyton said.

But "two or three different sources, each independent of each other," will show during the trial that that \$2,800 worth of cover company activities "is the total financial association of the CIA and Bishop Baldwin," Peyton said.

The company, beset by three federal investigations, was doomed to collapse because new investors could not be found fast enough to pay off the old ones, Peyton said.

And, Peyton said, when Rewald tried to kill himself and the firm shut its doors two years ago, officials looking for the \$22 million found only \$300,000 was left.

Rewald's lawyers will lay out his defense in their opening argument today.